

January 30, 2003

BY ELECTRONIC FILING

Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: *Ex Parte*
CC Docket Nos. 01-338, 96-98, 98-147

Chairman Powell:

We the undersigned chief executives of competitive providers of local telecommunications services are writing to express our common and deep concern regarding the Commission's reported plan to overhaul the Commission's local competition rules in favor of the four remaining Regional Bell Operating Companies ("RBOCs"). As you know, numerous recent press and analyst reports have indicated that the FCC is poised to substantially reduce the availability of a variety of Unbundled Network Elements ("UNEs") to competitive providers of telecommunications services. If these reports are accurate, our view is that the Commission's plan is flatly antithetical to the President's stated domestic economic policy goals, as articulated in the State of the Union Address on January 28, 2003.

As the President expressly stated "[w]ith unemployment rising, our nation needs more small businesses to open." Indeed, the fundamental goal of the President's domestic economic agenda is to "**improve the bottom line for more than 23 million small businesses.**" The President's message was a natural follow-up to his pronouncement on January 9, 2003 when he stated that "**[i]f 70 percent of the new jobs in America are created by small business, then we ought to be figuring out how to create incentives for small business to grow. That makes sense.**"

We own and operate just the kinds of entrepreneurial businesses that the President seeks to encourage, not dismantle. However, the reputed "reform" plan under consideration by the Commission would do substantial damage to our existing businesses, and fundamentally undercut our ability to expand, despite the fact that we employ tens of thousands of Americans, have invested billions of dollars in infrastructure, and have led the way in deploying innovative services to literally millions of consumers throughout the United States.

Importantly, our customers include millions of small businesses, which stand to lose the benefit of the competitive offerings that we provide. The innovative services and lower rates we offer throughout the country help small businesses succeed

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and enable, in part, small business to place more "Help Wanted" signs throughout the Main Streets of America. Indeed, the Small Business Administration has recognized in no uncertain terms that competitive telecommunications companies are an important asset to small businesses of all shapes and sizes. *See*, generally, SBA ex parte, CC Docket No. 02-33 (Aug. 27, 2002).

In stark contrast to the domestic economic goals outlined by the President, your reported policy goals, if adopted, would harm small business. Moreover, these reported policies stand to further enrich and protect the four legacy RBOCs, even though they continue to be among the most profitable companies in the United States, despite the ongoing economic slowdown. For example, just yesterday, Verizon Communications reported 2002 earning of \$8.4 billion before extraordinary expenses and free cash flow of \$4.8 billion. The day before yesterday, SBC Communications similarly reported 2002 earnings of \$7.5 billion. These companies are hardly the type that need "protection" from regulators.

Our companies have been built in reliance on the assurances in the Telecommunications Act and the Commission's current rules that we could extend our networks through reasonable and cost-based access to UNEs. To deny us access to UNEs while realistic alternatives remain lacking is to send a market signal which is directly contrary to the President's stated policy objectives. The President admonished that government needs to find ways to *promote* the expansion of small business. But your actions would effectively derail the plans and efforts of entrepreneurs and innovators in the telecom sector. Your message would be -- don't bother to invest because if you dare to succeed at the expense of the RBOCs, government will deny you the fruits of your investment and labor.

The President recognizes that entrepreneurship has been and will continue to be the primary engine for growth and innovation in the American economy. We sincerely hope you will follow the course charted by the President in the UNE Triennial Review and related proceedings.

Sincerely,

/s/

David R. Griffiee
President & CEO
1-800-Reconex, Inc.

/s/

William T. Wright
CEO
Access Integrated Networks

/s/

Lance Honea
CEO
AccessOne, Inc.

/s/

Kevin Schoen
President and CEO
ACD.net

/s/

Robert M. Buchta
CEO
AMI Communications

/s/

Tom Gravina
President & CEO
ATX Communications, Inc.

/s/

Dave Scott
President & CEO
Birch Telecom

/s/

Michael Weprin
President & CEO
BridgeCom

/s/

Richard Brown
CEO, Chairman, & Founder
AccessPoint, Inc.

/s/

Avi Lonstein
CEO
Airespring

/s/

Aelea Christofferson
President & CEO
ATL Telecom Services

/s/

Rabih Aridi
President
BAK Communications

/s/

Ken Baritz
CEO
BizOnline.com, Inc.

/s/

Mike Czerwinski
CEO
BroadLink Telecom, LLC

/s/

William H. Oberlin
Founder, Chairman & CEO
Bullseye Telecom, Inc.

/s/

Vern Kennedy
CEO & President
Broadview Networks

/s/

Jeff Buckingham
President
Call America

/s/

Robert W. Livingston
CEO
CCC GlobalComm Corp.

/s/

Patrick Freeman
President & CEO
Cordia Communications

/s/

Bret L. Mingo
President & CEO
Core Communications, Inc.

/s/

John Leach
President & CEO
Covista, Inc.

/s/

Martin S. Segal
President
Data Net Systems, L.L.C.

/s/

Eugene Lane
President & CEO
Direct Line Communications

/s/

Sean M. Dandley
President & CEO
DSCI Corp.

/s/

Kent Charugundla
CEO
Eagle Teleconferencing

/s/

Ed Jacobs
President & CEO
ECI Communications, Inc.

/s/

Bruce Northcutt
President
El Paso Global Networks

/s/

Jayme Amirie
CEO
Enhanced Communications
Network, Inc.

/s/

Mark Richards
CIO
Epicus, Inc.

/s/

Paul Masters
President
Ernest Communications

/s/

Richard Smith
President & CEO
Eschelon Telecom Inc

/s/

Joeseeph P. Gillette
CEO
EurekaGGN

/s/

Wade Spooner
Chairman, CEO & President
eXpeTel Communications

/s/

Brian Murphy
CEO
First Communications, LLC

/s/

Bettina B. Cardona
President
Fones4All Corp.

/s/

Joe Millstone
CEO
IDS Telcom LLC

/s/

Joseph Gregori
CEO
InfoHighway Communications

/s/

Richard S. Pontin
CEO
Ionex Telecom

/s/

James K. Leedy
President & CEO
Integrated Communications Solutions

/s/

Alfred Mayerhoff
President
InterGlobe Communications

/s/

Larry Williams
Chairman
ITC^DeltaCom

/s/

Jerry Finefrock
Founder
LDMI Telecommunications, Inc.

/s/

Michael Miller
CEO
Line Systems, Inc.

/s/

David Aranow
President
MetTel

/s/

James Smutniak
Founder
Midwest Telecom of America, Inc.

/s/

Jerry Holt
CEO
Midwestern Telecommunications, Inc.

/s/

Rolla P. Huff
Chairman & CEO
Mpower Communications

/s/

Alan L. Creighton
President & CEO
Momentum Business Solutions

/s/

Dan Moffat
CEO
New Edge Networks

/s/

Paul H. Riss
CEO
New Rochelle Telephone Corp.
Telecarrier Services, Inc.

/s/

Jim Akerhielm
President & CEO
New South Communications, Corp.

/s/

William Bongiorno
CEO
NextGen Telephone

/s/

Richard Burk
President & CEO
nii communications

/s/

William K. Miller
President
Northern Telephone & Data

/s/

Michael Arnau
CEO
NOS Communications

/s/

Joe Clark
COO
NOW Communications, Inc.

/s/

Alan J. Powers
CEO
OneStar Communications, Inc.

/s/

Tom Jacobs
President & CEO
OPEX Communications, Inc.

/s/

David J. Malfara, Sr.
CEO
Remi Communications, LLC

/s/

Dale R. Schmick
CEO
The Pager and Phone Company

/s/

Bob Charish
CEO
Quick Tel Inc.

/s/

Dennis M. Houlihan
President & CEO
Sage Telecom

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/s/

Anthony Abate
President
SNiP LiNK LLC

/s/

Gabe Battista
Chairman & CEO
Talk America

/s/

John Marsch
Chairman & CEO
TMC

/s/

Craig G. Nelson
CEO
Unicom

/s/

Chris Barton
President
Wholesale Carrier Services, Inc.

/s/

Laura Scher
Chairman & CEO
Working Assets

/s/

Mark Senda
CEO
Xspedius Management Co., LLC

/s/

Gregg Smith
CEO
Z-Tel Technologies, Inc.

cc: Commissioner Kevin Martin (by electronic mail)
Commissioner Kathleen Abernathy (by electronic mail)
Commissioner Michael Copps (by electronic mail)
Commissioner Jonathan Adelstein (by electronic mail)
Senator John McCain (by overnight mail)
Senator Fritz Hollings (by overnight mail)
Mr. Karl Rove (by overnight mail)